

Message Text

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53

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 752

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E.O. 11652: N/A

TAGS: EINV, EIND, EFIN, TS

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 261921; TUNIS 4828

1. BEGIN UNCLASSIFIED. PROPOSED NARRATIVE STATEMENT
FORWARDED PARA 1 TUNIS 4828 STILL GENERALLY APPLICABLE.
ONLY SIGNIFICANT DEVELOPMENT HAS BEEN MORE RAPID
INCREASE IN DOMESTIC PRICE LEVELS THAN OCCURRED IN
1974, IN PART BECAUSE OF RISING COST OF IMPORTS AND
WAGE INCREASES GRANTED EARLY SUMMER. ANOTHER NEGATIVE
ECONOMIC DEVELOPMENT HAS BEEN FAILURE OF FOREIGN EXCHANGE
REVENUES FROM PHOSPHATE ROCK, PHOSPHATIC
PRODUCTS AND OLIVE OIL TO MEET EXPECTATIONS BECAUSE
OF DECREASED EXPORT DEMAND. NEGATIVE EFFECT ON ECONOMIC
SITUATION, HOWEVER, APPEARS TO HAVE BEEN TO GREAT EXTENT
COMPENSATED BY CLOSE TO 40 PER CENT INCREASE IN TOURISM,
AND INVESTMENT CLIMATE IS STILL FAVORABLE.

2. ESTIMATES OF VALUE OF US DIRECT INVESTMENT IN
TUNISIA REPORTED PARA 2 TUNIS 4828 SHOULD BE CORRECTED
TO REFLECT MUCH GREATER FIGURES ON US INVESTMENT IN
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PETROLEUM EXPLORATION REPORTED PARA 1 TUNIS 5845.

EMBASSY HAS SUBSEQUENTLY OBTAINED ROUGH ESTIMATE OF \$16.4 MILLION REPRESENTING CURRENT NET WORTH OF AMERICAN PETROLEUM MARKETING COMPANIES IN TUNISIA, INCLUDING REINVESTMENT OF NON-TRANSFERRABLE DIVIDENDS. THIS FIGURE SHOULD BE ADDED TO TOTAL US DIRECT INVESTMENT IN TUNISIA. END UNCLASSIFIED.

3. BEGIN LOU. AMERICAN PETROLEUM MARKETING COMPANIES, WHICH HAVE BEEN IN TUNISIA FOR MANY DECADES, SOMEWHAT RELUCTANT TO PROVIDE REALISTIC DATA ON BOOK VALUE OF THEIR INVESTMENTS IN TUNISIA IN VIEW OF GOT INTEREST IN TAKING OVER PART OF LOCAL PETROLEUM MARKETING FOR ITS NATIONAL OIL COMPANY ETAP. AFTER LONG NEGOTIATIONS, ETAP HAS ACQUIRED FULL OWNERSHIP OF ENI-AGIP MARKETING FACILITIES AND BIZERTE OIL REFINERY AND IS CURRENTLY NEGOTIATING WITH TWO LOCAL FRENCH MARKETING OUTLETS, FINA AND TOTAL. REMAINING MARKETING COMPANIES, INCLUDING AMERICAN ESSO AND MOBIL, DO NOT BELIEVE THAT GOT DESIRES TO TAKE THEM OVER AT PRESENT SINCE GOT POLICY SEEMS TO FAVOR RETENTION OF SOME EFFICIENT FOREIGN COMPANY OUTLETS IN ORDER TO MAINTAIN COMPETITION AND EFFICIENT OPERATION BY ETAP. HOWEVER, BOTH COMPANIES HAVE RECEIVED TUNISIAN REQUESTS FOR ESTIMATES OF BOOK VALUE WHICH COMPANIES BELIEVE COULD BE USED BY GOVERNMENT IN POSSIBLE FUTURE EFFORT TO TAKE OVER THEIR TUNISIAN OPERATIONS. THEY HAVE THEREFORE PLACED FIGURES QUITE HIGH IN ORDER TO BEGIN NEGOTIATIONS FROM AS COMFORTABLE A POSITION AS POSSIBLE. FYI. ESSO ESTIMATES ITS NET WORTH AT \$10 MILLION, WHILE MOBIL ESTIMATE IS \$6.4 MILLION. END FYI AND LOU.
SEELYE

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